

## FAMILY READINESS GROUPS INFORMAL FUNDS OVERVIEW

As of: October 2009

The **mission** of the Family Readiness Group is to support, train and prepare families for mobilization and assist them with deployments. **FRGs are not established for the purpose of being a fundraising organization**, however Commanders may authorize Family Readiness Group members to establish an informal fund. The Commander appoints a FRG Treasurer and alternate treasurer to maintain the FRG account, but the ultimate responsibility for the account remains with the Commander.

The following conditions must be met in order to establish a FRG informal fund account. (In Accordance with Army Regulation 600-20, Paragraph 4-21, Air, Army and National Guard Bureau Funding Guidance, the State Family Readiness Office, and the SDNG Family Readiness Treasurer's Handbook):

a. **Account is limited to the annual income cap of \$10,000.** The FRG informal fund account may not exceed \$10,000 income annually, nor shall it exceed \$10,000 balance at any time. FRGs may not accept donations or fundraise until the informal fund balance drops below \$10,000. (Should the account exceed \$10,000, the Group could be considered a Private Organization such as the Red Cross and become subject to the same IRS regulatory requirements or tax liabilities.)

b. Ensure the **account's use is limited to expenses consistent with the purpose and function of the fund** (Ensure that funds are utilized for the purpose they are raised, for example, newsletters, homecomings, Christmas Party, volunteer recognition, etc. Further ensure that the funds are managed upholding military ethics and ideals.)

c. Commanders **complete a memorandum designating the treasurer and alternate treasurer**. File the memorandum in the unit's Family Readiness binder and a copy at the State Family Readiness Office. The treasurer and/or alternate treasurer are responsible for maintaining simple accounting records and receipts which document transactions of FRG funds. Military personnel can not serve as treasurers or signatories on FRG accounts.

d. The treasurer and alternate treasurer **must sign Volunteer Agreement** (DD2793) and return to the State Family Program Office. This form states they are a statutory volunteer serving in an official capacity in direct support of the National Guard Family Program.

e. **Employer Identification number** (Tax ID number): Prior to opening a FRG account, file IRS Form SS4 to receive an Employer Identification Number (EIN #) which is a tax ID number to avoid use of personal Social Security Number when opening the account. If SSN is used for reporting to the IRS, account may be perceived as personal income by the Internal Revenue Service.

f. **Open a non-interest bearing account** in a federally insured financial institution. When signing checks, a minimum of two volunteer signatures is required.

g. **Ensure payment of sales tax** for items purchased by the Family Readiness Group, as it is **not** a nonprofit organization and therefore is not in a tax-exempt status.

h. Family Readiness Groups are **not** NON profit organizations; they can not offer donors IRS tax advantages.

i. FRG informal funds **can not augment other unit informal funds** such as the unit's "cup and flower" funds. FRG informal funds can not be deposited or mixed with personal or unit funds.

j. FRG informal funds **can not be used to purchase items or services which may be paid for using military (appropriated) funds** or for items not related to family readiness such as service member farewell gifts. Funds can not be given to a military unit to purchase additional supplies, equipment or to fund additional training.

k. **FRG Informal Fund Standard Operating Procedure (SOP)**. FRGs with an informal fund **must have** an organizing SOP that provides the following information: the FRG name, a description of the FRG's purpose and function of the fund, and it **must include the following statement**, "The FRG informal fund is for the benefit of its members only. It is not a business and is not being run to generate any profits. FRG expenditures will be in accordance with the wishes of the majority of FRG members and all fund raisers must have Command approval before proceeding. It is not an instrumentality of the United States Government." This SOP is included in the FRG Sanction (Item #6) or may be completed as a separate document. It must be signed by the treasurer and alternate treasurer. It is filed in the unit's Family Readiness Binder and a copy forwarded to the State Family Readiness Office.

l. FRGs (**statutory volunteers**) may only conduct internal fundraising with command approval amongst their own members, in compliance with Army Regulation 600-29, Fundraising within the Department of the Army, paragraph 1-5, and DOD 5500.7-R, Joint Ethics Regulation. These activities are done internally on a military installation such as an armory where fund raising participants are limited to unit military members and their families (by us, for us). They may not conduct external fundraising per National Guard Bureau and Department of the Army Guidance. (Note: Statutory volunteers are volunteers who have signed a volunteer agreement and serve in an official capacity in direct support of the National Guard Family Program.)

m. Always ask the following **questions prior to fundraising**:

- Why do we need to raise the money?
- Will it benefit the entire FRG membership?
- Does it duplicate other resources within the community?
- Can we get it somewhere else?
- Is it an authorized fund raiser according to funding guidance?
- Has the commander approved it?

n. Most members of the FRG (**gratuitous volunteers**) can choose to belong to private organizations. As such they may wish to engage in fund raising. If they do however, they are considered private organizations separate from the unit and FRG. Unlike FRG statutory volunteers, they can raise as much money as they want, and carry any balance in their private account (which is completely separate from the FRG). Fundraising by gratuitous volunteers in their private capacity must be accomplished without implying endorsement by the National Guard or the FRG. For example, they should refer to themselves as "Friends of 802<sup>nd</sup> Combat Support", rather than the 802<sup>nd</sup> Family Readiness Group. (Note: Gratuitous volunteers are volunteers who have not signed a volunteer agreement and do not wish to serve in an official capacity within the FRG, but rather help the FRG sometimes to support meetings, events and activities.)

o. FRG **expenditures must benefit the entire FRG membership** in some way.

p. Unit Commanders **may accept**/approve UNSOLICITED donations in

conjunction with the State Family Programs Director to the FRG informal fund of \$1000 or less **per donation** from private organizations or individual donors. Donations count as FRG income and count against the FRG \$10,000 annual income cap. All donations must be “unconditional” as acknowledged by the SD Family Readiness Form 600-29 found in the appendix of the SDNG Treasurer’s handbook or available upon request from the State Family Readiness Office.

This form is completed prior to donation acceptance. The form will be maintained by the treasurer in the Unit Family Readiness Binder (Tab 4) with a copy furnished to the State Family Readiness Office. The FRG itself is NOT to solicit or give donations or gifts.

q. Provide a copy of the **Treasurer Report** to the commander and the State Family Program Office to keep them informed of the current status of the FRG account and to provide historical documentation for FRG account activity that can be presented for review. Original copies of all reports are filed in the Unit’s Family Readiness Binder and copies are also maintained at the State Family Program Office for 5 years.

**Send reports to:** South Dakota National Guard Family Program Office  
2823 West Main Street, Bldg 520  
Rapid City, SD 57702-8186

**The report includes** 3 items which are:

1. Treasurer Report Memorandum
2. Copy of all Bank Statements since the last report
3. A copy of the Checkbook Register showing all transactions since the last report.

Reports are required from units that have no checking account or no funds in their checking account as well.

- r. This **report is due:** Deployed units: Quarterly (Mar, Jun, Sep, Dec)  
Non-deployed units: Annually (September 30)

s. Remember the FRG’s purpose and always evaluate whether there is a need to engage in fundraising activities. Additionally, remember all fundraising must be pre-approved by the unit commander. There are numerous resources available without fundraising. Contact the State Family Readiness Office at [familyprogram@sd.ngb.army.mil](mailto:familyprogram@sd.ngb.army.mil) or 605-737-6089 to explore your options and answer your questions.

#### **Family Readiness Group Informal Fund (Checklist)**

- √ Authorized by Commander
- √ Cannot exceed \$10,000 income per calendar year
- √ Must have a valid EIN Number (IRS tax ID number)
- √ Non-interest bearing account
- √ 2 signers; a treasurer and alternate treasurer (non military)
- √ Must have a FRG Informal Fund SOP
- √ Leadership (Controlled by statutory Volunteer(s))
- √ Limited to fundraising on the installation/armory (“by us – for us”)
- √ Subject to audit by the Commander and the State Family Readiness Office